

Established by a small group of veterans who helped lead America to victory in World War I and World War II, the Dayton-Soehlke-Ohlhorst Post #5350 was officially chartered in mid-1946, and was named in honor of the first veterans to die in combat from Westhampton Beach, Quogue and East Quogue—the three communities that made up the bulk of the Post's membership.

During Dayton-Soehlke-Ohlhorst Post #5350's 53-year lifespan, many changes have come to this area of Long Island. What remains unchanged is the devotion that the Post's members possess for our great Nation and their comrades-in-arms. The Post meets regularly on the fourth Thursday of each month, and during the course of the year hosts a number of family-oriented activities. And it goes without saying that the Post members take great pride in honoring their fallen comrades and America's war veterans during every Memorial Day and Veterans Day observance.

Yet, Mr. Speaker, Post #5350 continues to look for new members whose passion and faith in America has never wavered. Indeed, the Post intends to expand its membership not only with the veterans of WWII, Korea and Vietnam, but also veterans of conflicts in Lebanon, Grenada, Panama, the Persian Gulf, and Somalia. One of those veterans is the current Post Commander, Arma "Ham" Andon, a true patriot and selfless public servant who I am proud to call my dear friend.

As citizens of this free and prosperous Nation, all Americans owe our war veterans a tremendous debt of gratitude for the sacrifices they endured and the efforts they made on our behalf. That is why, Mr. Speaker, I ask my colleagues in the House of Representatives to join me on this 53rd anniversary in saluting Dayton-Soehlke-Ohlhorst Post #5350 of the Veterans of Foreign Wars and all of its members for all they do for our veterans and for all they've done for America.

INDIVIDUAL TAX SIMPLIFICATION ACT OF 1999

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 14, 1999

Mr. NEAL of Massachusetts. Mr. Speaker, today I am introducing the Individual Tax Simplification Act of 1999, and invite all my colleagues to join me in sponsoring this legislation.

It is fitting that this bill on tax simplification is being introduced on the day before April 15th. At this time of year, simplification is on everyone's mind—and wish list. While it may not fulfill everyone's wish, this bill will eliminate approximately 200 lines from tax forms, schedules and worksheets. My bill generally does this in a revenue neutral manner, and without moving money between economic income groups. As we all know, no more so than at this time of the year, the tax code is terribly complex, and has become dramatically more complex for average taxpayers during the past four years.

A skeptic might argue that there is no constituency for simplification, but that is changing. A recent poll by ICR found that 66 percent said the federal tax system is too complicated. Three years ago slightly less than half agreed.

I believe that with a little compromise, we can enact significant tax simplification. That is why I have made sure this bill is essentially revenue neutral, so it contains no tax increase. And that is why the bill does not try to change the tax burden between economic income groups. This is not an attack on the wealthy, nor anyone else. As with any change in the tax law, there are some winners and losers—but I want to stress that this is incidental to the objective of the bill—which is simplification that benefits us all.

The bill has three parts. The first is based on legislation I introduced last year and introduced again earlier this year regarding non-refundable personal credits. The second part simplifies the taxation of capital gains. The third part repeals two hidden marginal tax rate on high income individuals, and repeals the individual minimum tax.

TITLE I—SIMPLIFICATION RELATING TO NONREFUNDABLE PERSONAL CREDITS

In recent years, much tax relief has been given to taxpayers in the form of nonrefundable credits, like the two education credits and the child credit. These credits are not usable against the alternative minimum tax. That means that more and more individuals will lose all or part of these credits, and will have to fill out the extremely complicated AMT form. Congress recognized this problem last year by enacting my proposal to waive this for the 1998 tax year.

The other problem with nonrefundable credits is that the phase out provisions vary from credit to credit, causing unnecessary complexity. In addition, the same additional dollar of income can result in a reduction in more than one nonrefundable credit.

It is fundamentally wrong to promise the American public tax relief, then take all or part of it away in a backhanded manner. This fundamentally flawed policy, enacted in 1997, will get worse each and every year as more American families find themselves to be AMT taxpayers simply because of the impact of inflation, or because of their desire to take advantage of the tax relief we have promised them. Not only that, this situation will also get worse as additional nonrefundable credits are approved by Congress, such as the President's proposals to assist taxpayers with long-term care needs, and the disabled workers tax credit.

The bill addresses both concerns. First, it permanently waives the minimum tax limitations on nonrefundable credits, and on the refundable portion of the family (or child) credit which has the same problem with the AMT as nonrefundable credits. Second, the bill creates a single phase out range for the adoption credit, the family credit, and the education credits, replacing the current three phase out ranges.

This part of the bill is paid for by reducing the income limitation on the family credit from \$110,000 to \$85,000 on a joint return, and from \$75,000 to \$58,000 for a single individual. This provides a slight increase in the income limits on the education credits and the adoption credit, so about 85 percent of all families will be unaffected or receive tax reductions under this trade off.

TITLE II—SIMPLIFICATION OF CAPITAL GAINS TAX

The second title of this bill is, essentially, Mr. Coyne's capital gains proposal from last year. Under current law, there are 5 different tax rates for long term capital gains, and a 54

line tax form that must be endured. Moreover, this part of the tax code is already scheduled to get worse because additional rates will take effect under current law in 2001 and 2006.

The solution is clear. Replace this jumble of rates and forms with a simple 38 percent exclusion. Not only will this result in tremendous simplification (eliminating 36 of the 54 lines), but more than 97 percent of individuals would be eligible for modest capital gains tax reductions. This section of the bill pays for itself.

TITLE III—REPEAL OF CERTAIN HIDDEN MARGINAL RATE INCREASES, AND OF THE INDIVIDUAL MINIMUM TAX

The third title of the bill repeals the hidden marginal rate increases in current law, and repeals the individual minimum tax. Most of my colleagues understand the phrases, PEP and Pease. Under current law, itemized deductions are gradually reduced by 3 percent of adjusted gross income above approximately \$124,000. This is known as the Pease provision. In addition, personal exemptions are phased out for incomes between approximately \$187,000 and \$309,000. This is PEP. If we did not hide the effect of these provisions of current law, more people would know that these provisions result in hidden marginal rate increases. These marginal rate increases begin at almost 1 percent for incomes above \$124,000, and increases for those with incomes above \$187,000 by about .78 percent for each dependent. The important point here is that current law has a hidden marginal rate increase, which gets worse as families grow larger.

The second part of this title is complete repeal of the individual minimum tax. The minimum tax was intended to make sure that wealthy individuals did not overuse certain tax benefits and unfairly reduce their tax burden. It no longer accomplishes that goal. Most of the significant business related provisions have already been repealed. Since the AMT is not adjusted for inflation, more and more middle and upper middle income taxpayers are falling into the AMT. This is not what was intended, especially when you note that what pushes taxpayers into the AMT now, more often than not, are State and local income and property taxes, personal exemptions, and the nonrefundable credits. I repeat, this is not what Congress was trying to accomplish when the AMT was passed.

My suggestion is to repeal it for individuals, and substitute a simple tax on adjusted gross income, and an increase in the current floor on miscellaneous itemized deductions. The current hidden tax is dropped, and is paid for with an explicit tax on the same individuals. They get simplification, and we convert a deceptive practice into an open one.

Specifically, the replacement tax begins at 1 percent for adjusted gross incomes in excess of \$120,000 on a joint return, and increases to 2.08 percent for income greater than \$150,000, which is where the minimum tax exemption begins to phase out. The bill would also increase the floor on miscellaneous itemized deductions to 4 percent for adjusted gross incomes greater than \$100,000.

CONCLUSION

Ironically, this simplification proposal must be complex, because it mirrors our current law. I want, therefore, to focus on what is important.

This bill provides fairly dramatic simplification of the individual tax system.

It eliminates approximately 200 lines on tax forms, schedules and worksheets.

It is basically revenue neutral, so it can be accomplished during a year when there is no non-Social Security budget surplus to fund tax cuts.

It does not attempt to shift money between income groups. The philosophy behind the bill is that those who benefit from tax simplification of the current code should offset any revenue loss involved.

I have put the bill together this way to make this philosophy clear. While some families will be phased out of the child credit, the revenue raised is invested in other similar families for AMT relief and for increases in the adoption and education credits.

The capital gains section of the bill is paid for internally to that section, so those who realize capital gains will have their current tax liability adjusted up or down slightly in order to achieve the simplification contained in the bill.

Finally, those adversely affected by the hidden marginal rate increase of current law that worsens as a family gets larger, will have simplification and some relief offset by other better off taxpayers within their own economic group.

It is estimated that this tax filing season will see 51 percent of individuals using tax return preparers, and that 16 percent will use computer software to prepare their return. Only about 1/3 of individuals actually fill out their own forms. There is no excuse for that reality, and we should do something about it. Given the lack of resources to write a major tax bill, the reality that no one wants to pay for simplification no matter how much they support the goal, and the need to resolve the solvency issues surrounding Social Security and Medicare, I think the opportunity exists this year to solve some of the problems that bother all our constituents during this tax filing season in the manner that I have suggested. I am introducing this legislation to get this discussion going, and I hope it will be seriously considered by all parties.

HONORING OPPORTUNITIES FOR A BETTER TOMORROW ON THEIR 15TH ANNIVERSARY

HON. NYDIA M. VELÁZQUEZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 14, 1999

Ms. VELÁZQUEZ. Mr. Speaker, I rise today to honor Opportunities for a Better Tomorrow, and its Executive Director Sister Mary Franciscus as they celebrate their 15th Anniversary.

We are at the dawn of the 21st Century. As we look ahead there are many challenges that will face Americans in the new millennium. And while these challenges hold many opportunities and great possibility, the rewards will only be realized if people have the skills and the training they need to compete and succeed. That's why I applaud Opportunities for a Better Tomorrow, and its Executive Director, Sister Mary Franciscus.

For the past fifteen years, Opportunities for a Better Tomorrow, has been committed to the education and training of individuals throughout Brooklyn. This organization has helped thousands of people receive the skills they need to join the workforce. The training programs and educational services they offer

have provided countless people with access not only to work, but have given them a chance to live the American Dream. The importance of this effort cannot be understated.

Opportunities for a Better Tomorrow, is one of the best examples of community activism in New York. The organization is consistently rated as one of New York's top employment agencies, and the reason for that is simple: they are not just an employment agency, but they are an organization that is deeply committed to the community and committed to the people who live and work there. Opportunities for a Better Tomorrow develops people into proficient, accountable and skilled professionals. And a graduate of the Opportunities for a Better Tomorrow program becomes a well-rounded individual, who learns self-respect and self-esteem which many times they otherwise might not have.

In a highly competitive, highly technological time such as this, people must be highly skilled. Opportunities for a Better Tomorrow gives people a chance to develop the skills that they otherwise might not have. For thousands of people throughout Brooklyn, Opportunities for a Better Tomorrow has provided the key to open doors of opportunity.

For these reasons, I would like my colleagues to join me in applauding Sister Mary Franciscus and the leadership and membership of Opportunities for a Better Tomorrow. The success of the program is directly linked to the dedication, and quality of its leaders and teachers. I congratulate them on the celebration of their 15th Anniversary and wish them the best of luck for the next 15 and beyond.

TRIBUTE TO MARCIE KASPER

HON. GARY G. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 14, 1999

Mr. GARY MILLER of California. Mr. Speaker, I rise today to honor seven young women in my district who have earned the Girl Scout Gold Award, the highest award in Girl Scouting.

The Gold Award requires the greatest achievement in career exploration, service to other people, and acquisition of skills. This award is a strong reflection of these youngsters' ability to set goals, to put value into action, to plan, and to relate to the needs of the community.

I wish to recognize Marcie Kasper of Troop 330 in Yorba Linda, CA.

Mr. Speaker, I also wish to congratulate and thank Karin Carlson, Director of Program Services for the Girl Scout Council of Orange County for notifying of their achievements. On behalf of the people of the 41st Congressional District of California, let me say that we are all proud of you.

A TRIBUTE TO HAROLD SHWERDT

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 14, 1999

Mr. FORBES. Mr. Speaker, I rise today in this hallowed chamber to pay tribute to Mr.

Harold Shwerdt, who will be presented with a Life Membership by the Griswold Terry Glover Post No. 803 of the American Legion. This honor is well deserved and acknowledges the tremendous sacrifices Mr. Schwerdt has made for both our country and our community.

The Life Membership will be given to Mr. Shwerdt on April 28, 1999 at the American Legion banquet. The Life Membership is the highest honor the American Legion can bestow on its members. Mr. Shwerdt has long been an active member of the Griswold Terry Glover Post No. 803 of the American Legion, which holds their meetings in Southold, Long Island.

Mr. Shwerdt's first, and most important sacrifice, was to our nation. He is a World War II Veteran who put his life on the line to end injustice around the world. During the war, Harold spent time in a German prisoner of war camp. For 2 years, Harold was a German prisoner. Before his capture, Harold was a well-decorated fighter. He served as Flight Engineer for a United States B-17 bomber. It was in his plane that he was shot down and eventually captured. For his service to protect freedom alone, Mr. Shwerdt deserves our highest recognition.

After the war, Harold joined this post of the American Legion. It is here that Harold's hard work and determination paid huge dividends. His countless hours of devotion to assist others have helped both his American Legion post and the less fortunate members of our community. In his group, he helped to organize and strengthen both their Color Guard and their Bingo Team. In our community, Harold has been active with the Association for the Help of Retarded Children. He has also spent a countless number of hours helping Senior Citizens, Disabled Veterans and the St. Patrick's Roman Catholic Church.

Mr. Speaker, I ask my colleagues in the House of Representatives to join me and the American Legion in honoring Mr. Shwerdt for his invaluable contributions to our community. Here on Eastern Long Island, we have the utmost respect for both our veterans and volunteers, and we are privileged to have Mr. Harold Shwerdt in our community. Thankfully, his service and generosity to our community will never go unnoticed.

TRIBUTE TO JACK SELVIAN ON RECEIVING A PURPLE HEART

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 14, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to pay tribute to Corporal Jack Selvia on receiving a Purple Heart. Jack served the Far East Air Service Command of the United States Air Force in World War II.

The initial liberation of the Philippine Islands from Japanese occupation, operation RENO, began on October 20, 1944, on Leyte Island. The primary purpose of the Leyte campaign was to establish Allied air and logistic bases to support subsequent operations. On October 20, 1944, after two hour naval bombardment, assault waves of four divisions landed between Dulag and Tacloban and quickly secured beachheads. Tacloban was October 24, and an air base was established. Leyte was